

## **APPENDIX F**

**Auditor of Public Accounts  
Audit Specifications for Counties, Cities and Towns  
(Revised July 2004)**

**Auditor of Public Accounts**  
**Comprehensive Services Act for At-Risk Youth and Families**

Attached are revised audit procedures for funds received under the Comprehensive Services Act. There are no changes from the prior year. The attached audit procedures will be incorporated into the next revision of the *Specifications for Audits of Counties, Cities and Towns*.

All counties and cities received funding from the state Department of Education for the Comprehensive Services Act. These payments appear on the state revenue confirmation (LO52 Report) under Agency 200, Program 453.

Disbursements appearing on the LO52 Report under Fund 1000 generally represent federal assistance. However, all Comprehensive Services Act funds shall be considered state assistance at the local level. Consequently, Comprehensive Services Act, moneys should **NOT** be classified as federal assistance in the financial statements or be included in the Schedule of Federal Assistance.

Auditors should follow *Government Auditing Standards* in disclosing reportable conditions and non compliance relative to these and other state programs. Reportable conditions and material noncompliance must be included in the auditor's reports. Other matters may be included in the auditor's reports or in a separate letter to management.

Specific questions regarding program requirements should be addressed to Marie Williams, Director of Accounting and Finance, (804) 225-2040, Virginia Department of Education, P.O. Box 2120, Richmond, VA 23216-2120).

**Auditor of Public Accounts**  
**Comprehensive Services Act for At-Risk Youth and Families**

**Comprehensive Services Act Funds**

*(Contact: Office of Comprehensive Services; Chuck Savage, Business Manager; Phone -804.662.9815)*

All counties and cities receive funding under the Comprehensive Services Act for At-Risk Youth and Families, Chapter 52 of Title 2.2 (Section 2.2-5200 et. seq.) of the Code of Virginia. Section IV.A.3. of the Comprehensive Services Act for At-Risk Youth and Families Implementation Manual requires an annual audit of the Comprehensive Services Act funds. Accordingly, the auditor must perform the procedures contained in this section regardless of materiality.

The Comprehensive Services Act is designed to create a collaborative system of services and funding for at-risk youths and their families. At-risk youths include children with severe emotional and/or behavioral problems, including but not limited to children with handicaps, in private special education facilities, in foster care, in group homes, or in other court-ordered public facilities. These at-risk youths often require services from more than one state agency. The Comprehensive Services Act requires the state Department of Health; Social Services; Mental Health, Mental Retardation, and Substance Abuse Services; Education; and Youth and Family Services to work together in providing services for such youths.

Policies and procedures for implementing the Act are set forth in the Comprehensive Services Act for At-risk Youth and Families Implementation Manual (issued April, 2003). The CSA is funded as a separate agency (Agency 200) with state and federal funds, but all funds should be considered state funding at the local level. Consequently, it is not necessary to include these funds on the Schedule of Federal Expenditures.

Local governments receive three types of funds under the Comprehensive Youth Services Act: (1) trust funds (effective with FY01, trust funds are paid using federal TANF funds), (2) pool funds, and (3) local administrative funds. Each of these funding sources is discussed briefly below.

State Trust Fund (Section VII of the Implementation Manual). The State Trust Fund is designed as venture capital to assist communities in meeting the start up costs associated with new program development. The purpose of the trust funds is to develop early intervention services for young children at-risk of developing emotional and/or behavior problems.

Early intervention programs originally were funded 100% by the state for up to one year, in order to develop, stabilize, and evaluate services. Once a service is stable, funds supporting its operational budget continued from the Trust Fund on a state-local matching basis if requested by the locality. Beginning in 2001, the state share of trust funds are reimbursed using Federal TANF funds by the Department of Social Services.

Pool funding is directly appropriated to Agency 200 to provide services to eligible children. Allocation of funds in the state pool to local communities is determined on a formula basis based on language in the Appropriations Act. Pool funds can be used to provide services to children and their families who are (1) eligible for services, (2) targeted for services, or (3) who meet relevant mandates for the provision of special education and foster care services (referred to as mandated population).

Pool funds are state funded with a local matching share. The funds are reimbursement based (i.e., the locality must expend funds and then will be reimbursed for the state-share of the expense by the Department of Education). Reimbursements are requested using the Pool Reimbursement Request (accessed using the CSA web site) as often as monthly but not less often than quarterly.

Administrative Funds Administrative funds are available to offset the added cost localities incur in implementing the Comprehensive Services Act. Use of these funds is flexible, and may be used for administrative and coordinating expenses, or even direct services to eligible youth and families.

Special Requirement - Separate Accounting

State and local revenues and expenditures applicable to the Comprehensive Services Act must be identified separately from other funds within the local government's accounting system (Pages V-20 and VI-2 of the Implementation Manual).

**Required Audit Procedure:** Determine whether the method used by the local government to account for Comprehensive Services Act funds is adequate to separately account for such funds. Also determine the method used to distinguish between trust funds, pool funds and administrative funds.

Allowability Requirement - Trust Funds

Trust funds are to be used to meet start up costs associated with new program development. Funds are to be used to develop early intervention programs (Page VII-1 of the Implementation Manual).

**Required Audit Procedure:** Select a sample of disbursement transactions from throughout the year under audit. For each transaction selected, determine whether:

- (a) the payment was supported by a written contract or service agreement, and
- (b) the expenditure appears reasonable given the purpose of the Comprehensive Services Act and is consistent with the services specified in the grant agreement/contract.

**Reporting Requirement - Trust Funds**

Requests for payment and expenditure reports must be submitted in accordance with Department of Social Services Reimbursement policies. The fourth quarter (June 30) Trust Fund Grant Expenditure Report is due by September 1.

**Required Audit Procedure:** Obtain the Fourth Quarter Trust Fund Grant Expenditure Report. Determine timeliness of submission. Determine accuracy of amounts reported by tracing receipts and expenditures to the locality's general ledger or reviewing the locality's reconciliation of amounts reported to the general ledger. Determine that unobligated funds at year-end were adjusted on the succeeding year's request for funds. The request should be reduced by the amount of unobligated funds at the end of the previous year.

**Allowability Requirement - Pool Funds**

Pool funds must be expended for public or private non-residential or residential services for troubled youths and families. Pool funds may only be used for services for specific children and their families. Administrative costs, interagency coordinators, and case management services are not allowable. Vendors should be included in the Service Fee Directory (Code of Virginia 2.2-5214) to be paid with pool funds. See CSA Manual, 10.3 – Service Fee Directory. The service Fee Directory can be addressed via the CSA website at [www.csa.state.va.us](http://www.csa.state.va.us).

**Required Audit Procedure:** Select a sample of disbursement transactions from throughout the year under audit. For each transaction selected, determine whether the:

- (a) payment was supported by a written contract or service agreement,
- (b) services were provided to a specific youth or family (a single voucher may cover services for more than one youth; however, the contract or purchase order must specify a child-specific unit price),

- (c) maintenance and support expenses were provided to a specific child and did not exceed the amount determined by the local social services board (for children in foster care) or the amount specified in the service fee directory (for children in residential facilities),
- (d) expenditure appears reasonable given the purpose of the Comprehensive Services Act and the purposes of pool funds, and
- (e) payment was made to an authorized vendor included in the Service in the Service Fee Directory.

**Eligibility Requirement - Pool Funds**

Pool funds may only be used to provide services to children/youth and their families who are eligible for services, targeted for services, or who meet relevant mandates as set forth in the CSA Manual.

**Required Audit Procedure:** Review the local government's system for determining eligibility and evaluate for adequacy. Select a sample of program participants from the vouchers supporting the Pool Reimbursement Requests tested below (or from other sources as deemed appropriate by the auditor). For each participant selected, determine whether the individual is classified on the Reimbursement Request as part of the mandated or non-mandated population. Examine documentation in the youth's case file and determine whether:

- (a) the youth meets the state eligibility criteria
- (b) the youth meets the state criteria for inclusion in the mandated population, if the individual was included in the mandated population on the Reimbursement Report.

**Reporting Requirement - Pool Reimbursement Requests**

Local governments receiving pool funds must submit Pool Reimbursement Requests not less often than quarterly. Documentation must be maintained to support expenditure amounts reported, and to demonstrate that each

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expenditure of pool funds was made on behalf of a specific child (or list of specific children).

**Required Audit Procedures:** Select a sample of Pool Reimbursement Requests from throughout the year under audit. Determine that requests were filed at least quarterly. Determine accuracy of amounts reported by tracing receipts and expenditures to the locality's general ledger or reviewing the locality's reconciliation of amounts reported to the general ledger. Perform a service year test ensuring reimbursement requests pertain to the year in which the services were provided. CSA Manual Section 10.5., Disbursement Procedures, mandates that final claims for reimbursement for prior year payments will not be accepted after the first quarter (September 30) of the next fiscal year.